

Chair Wm. Weston J. Newton

*First Vice-Chair:
Joseph H. Jefferson, Jr.*

Legislative Oversight Committee

*Kambrell H. Garvin
Rosalyn D. Henderson-Myers
Jeffrey E. "Jeff" Johnson
John R. McCravy, III
Adam M. Morgan
Melissa Lackey Oremus
Marvin R. Pendarvis
Tommy M. Stringer
Chris Wooten*



South Carolina House of Representatives

*Gil Gatch
William M. "Bill" Hixon
Kimberly O. Johnson
Josiah Magnuson
Timothy A. "Tim" McGinnis
Travis A. Moore
Russell L. Ott
Michael F. Rivers, Sr.
John Taliaferro (Jay) West, IV*

*Jennifer L. Dobson
Research Director*

*Cathy A. Greer
Administration Coordinator*

**Post Office Box 11867
Columbia, South Carolina 29211
Telephone: (803) 212-6810 • Fax: (803) 212-6811
Room 228 Blatt Building**

*Charles L. Appleby, IV
Legal Counsel*

*Lewis Carter
Research Analyst/Auditor*

*Riley E. McCullough
Research Analyst*

Legislative Oversight Committee

Thursday, October 14, 2021
2:00 pm Blatt Room 110

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.7, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

- I. The Healthcare and Regulatory Subcommittee meeting was called to order by Chair John Taliaferro (Jay) West on Thursday, October 14, 2021, in Room 110 of the Blatt Building. All members were present for all or a portion of the meeting. Representative Timothy A. "Tim" McGinnis and Representative Rosalyn D. Henderson-Myers participated virtually in the meeting. Chair West and Representative Gil Gatch participated in person.

Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings.

Approval of Minutes

- I. Representative Gatch makes a motion to approve the meeting minutes, with leave for staff to correct a scrivener's error, from the August 30, 2021, meeting. A roll call vote was held, and the motion passed.

Rep. Gatch motion to approve the August 30, 2021, meeting minutes.	Yea	Nay	Not Voting
Rep. Gatch	✓		
Rep. Henderson-Meyers			✓
Rep. McGinnis	✓		
Rep. West	✓		

Receipt of Testimony from Constituent

- I. Mr. Jay Bruner of Calhoun County testified about concerns (e.g., competition with private market) and suggestions (e.g., increased oversight) he has for operation of the State Accident Fund. He answered questions from the Subcommittee.
- II. Previously, Mr. Bruner provided testimony to the full Committee about the State Accident Fund during a public input meeting on April 8, 2021. Chair West reminded Mr. Bruner that he remained under oath for his testimony to the Healthcare and Regulatory Subcommittee.

Discussion of State Accident Fund

- I. Chair West placed the following personnel from the State Accident Fund under oath:
- Abby Sellers, Director of Financial Services (in person);
 - Kirk Adair (in person), Senior Premium Auditor;
 - Meggan Damiano (virtual), Director of Insurance Services;
 - Debra Dozier (virtual), UEF Director of Claims;
 - Jayson Audette (virtual), Inspector General; and
 - Troy Hubbard (virtual), Safety and Loss Control Specialists.
- II. Chair West reminded Acting Director Erin Farthing (in person) and Matthew Hansford (in person), Deputy Director that they remained under oath.
- III. Acting Director Farthing provided an overview of the agency's programs. Topics discussed include:
- Mission;
 - Before Worker's Compensation;
 - The Grand Bargain;
 - Workers' Compensation in South Carolina;
 - State Accident Fund: Creation and Purpose;

- f. Establishment of State Accident Fund;
- g. State Accident Fund History;
- h. Uninsured Employers' Fund (UEF);
- i. Agency's Governing body;
- j. Duties of agency director as administrator of the agency;
- k. Records management; and
- l. Risk mitigation.

III. Acting Director Farthing provided an overview of the agency's organizational units:

- a. Accounting;
- b. Human Resources;
- c. Document Management;
- d. Claims Department (State Accident Fund and Uninsured Employers' Fund);
- e. Legal;
- f. Special Investigations Unit;
- g. Policyholders Services; and
- h. Information Technology.

Additionally, Director Farthing discussed the following topics related to organizational units:

- m. FTE's by organization unit;
- n. Exit surveys;
- o. Employee satisfaction; and
- p. Anonymous employee feedback.

IV. Director of Financial Services Sellers provided a financial overview of the agency. The following topics were discussed:

- a. Lack of agency's present ability to accept online payments from policyholders;
- b. Agency funding: State Accident Fund (SAF) vs. Uninsured Employers' Fund(UEF);
- c. Finance overview charts;
- d. Total premiums collected;
- e. Administrative expenditures; and
- f. Total claims expenditures.

V. Deputy Director Hansford provided an overview about policyholders.

- a. SAF policyholders and covered employees;
- b. Who does SAF cover;
- c. Policyholders by region (562 as of meeting date); and
- d. State vs nonstate (e.g., fire department, municipalities, etc.) policyholder comparisons.

VI. Acting Director Farthing; Deputy Director Hansford; and Premium Auditor Adair provided an overview of deliverables. Deliverables discussed included:

- a. Deliverable #1: premium activities (i.e., lifecycle of policy);
- b. Deliverable #2: safety and loss control requests;
- c. Deliverable #3: SAF claim management;
- d. Deliverable #4: UEF claim management;
- e. Deliverable #5: claim expense recovery;
- f. Deliverable #6: claim investigation;
- g. Deliverable #7: legal representation (in house counsel);
- h. Deliverable #8: legal representation (contract counsel)

VII. Subcommittee members ask questions relating to the following:

- a. The Grand Bargain;
- b. Second Injury Fund;
- c. Uninsured Employers' Fund (UEF);
- d. Sanctions for employers' that do not obtain workers' compensation coverage;
- e. Accountability of agency director;
- f. Prior agency heads;
- g. Federal and local counterparts;
- h. Records management;
- i. Implementation of State Inspector General recommendations from report issued in April 2021;
- j. Metrics of various organizational units;
- k. Number of cases open by special investigations unit;
- l. Process for referral of criminal matters;
- m. Payments by policyholders;
- n. Administrative expenditures;
- o. Premium development;
- p. Experience premium "E-Mod" formula;
- q. Attorney representation by workers; and
- r. Appeals process for injured worker denied a claim.

Agency staff respond to the members' questions.

Adjournment

- I. There being no further business, the meeting was adjourned.